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September 16, 1997

Mr. J. W. Best

Subject: Retail Accrual Matching Program

Dear Jim:

The Florida Region has developed a number of creative methods to utilize match dollars to add a point of difference at retail. In the interest of sharing Best Practices, you will find enclosed samples of the most recent phone card promotion and support materials. You will also find a sample of one of the NASCAR golf shirts that they are working. The following outlines the program specifics.

Objective

Generate a leverageable point of difference at retail with match dollar funded promotions.

Strategy

Develop low cost retailer administered continuity promotions designed to increase brand and store loyalty.

Tactics

- Working with a local supplier, the Accrual Programs were developed using high Impact premium items.
- Premium items and support materials are purchased by the ROU out of Price Gap Defense Spending.
- Retailer self funds Price Gap Defense during Plan A period to achieve Retailer Match Spending.
- Sales Reps deduct Retailer Match dollars from Plan A payment.
- ROU debits individual retail account's accrual for cost of the premium items.
- Phone discount per pack = 29¢
- NASCAR golf shirt per pack = 28¢

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Phone Card and FeaturesApproximate Cost Per Carton

- 1) 15 minutes free air time
- 2) 4 color collectible plastic cards
- 3) Scratch-off covering PIN number
- 4) 24 hour MCI customer service
- 5) Stamp-a-pack card
- 6) Stamp and pad (1 needed per account)
- 7) 4 color pasters 24" X 36"
- 8) Requires (10) pack purchases

\$2.92

NASCAR Golf ShirtApproximate Cost Per Carton

- 1) High quality 100% cotton shirt (2 styles)
- 2) Official licensed apparel
- 3) Embroidered with 2 or 3 NASCAR logos
- 4) Stamp-a-pack cards
- 5) Stamp and pad
- 6) 4 color pasters (24" x 36")
- 7) Requires 50 pack purchase plus \$5 cash

\$2.75

The programs have been quickly embraced by retailers as the popularity of phone cards and NASCAR are growing at a tremendous rate.

Retailers are less likely to defraud the programs as they have already self funded a portion of Price Gap Defense.

The major benefit to this program is measured not in number of sticks delivered, but rather in terms of leverage. Retailers view these programs as distinct points of differences between them and the competitor. Reps are very successful in applying this leverage to gain meaningful in-store advantages.

Please determine what level of interest your SR's may have along with a projected quantity for 4th Quarter, 1997

If you need any additional information, please advise.

Sincerely,

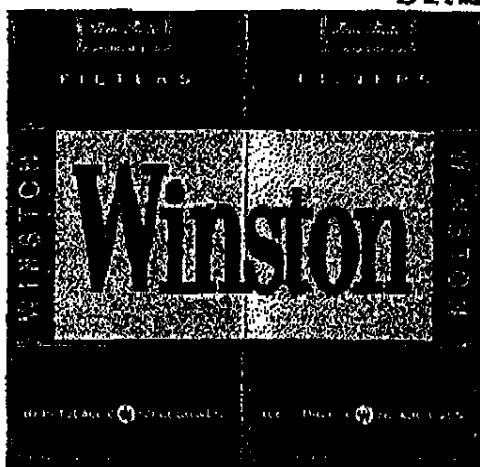
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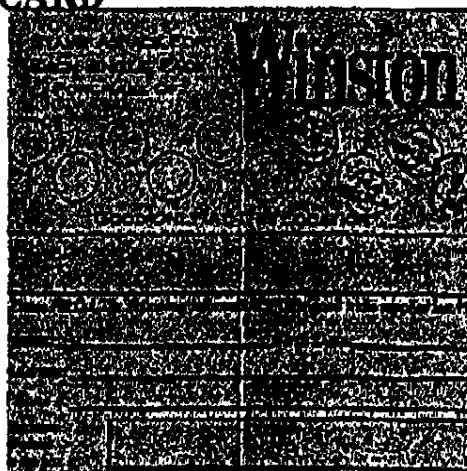
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cc: Dave Turner

STAMP CARD



Card Front

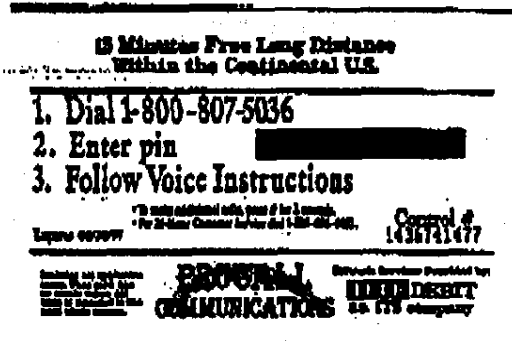


Card Back

PHONE CARD

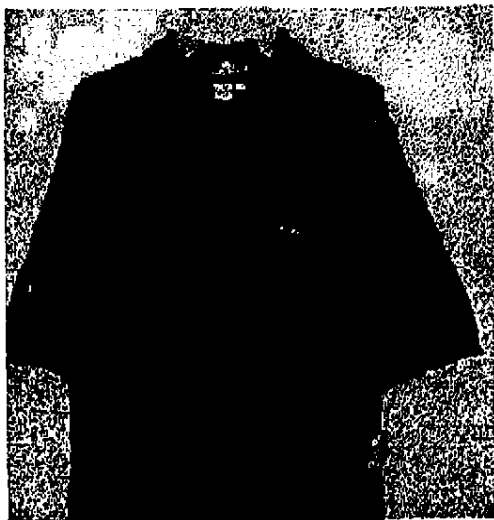


Card Front



Card Back

| Division # | # Stores | # Phone Cards | # Stamp Cards | # Stamps | # POS |
|------------|----------|---------------|---------------|----------|-------|
| 2326 | | | | | |
| 2328 | | | | | |
| 2330 | | | | | |
| 2332 | | | | | |
| 2335 | | | | | |
| 2337 | | | | | |
| Total: | | | | | |

Shirt 1Shirt 2Shirt 3 →

| Division # | # Stores | Shirt 1 | Shirt 2 | Shirt 3 | # Stamp Cards | # Stamps | # POS |
|------------|----------|---------|---------|---------|---------------|----------|-------|
| 2326 | | | | | | | |
| 2328 | | | | | | | |
| 2330 | | | | | | | |
| 2332 | | | | | | | |
| 2335 | | | | | | | |
| 2337 | | | | | | | |
| Total: | | | | | | | |

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